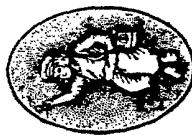


Annual Report

NATIONAL LEAD COMPANY

for Fiscal Year Ending

December 31, 1912



Principal Office:

1 Exchange Place, Jersey City, New Jersey

Executive Offices:

111 Broadway, New York City

National Lead Company

1 Exchange Place, Jersey City, N. J.

Report Presented to the Stockholders at their Twenty-First Annual Meeting, April 17, 1913, for the Fiscal Year Ending December 31, 1912.

To the Stockholders of National Lead Company—

The following Balance Sheet shows the condition of the Company on December 31, 1912:

ASSETS.	
Plant Investment.....	\$24,551,637.08
Other Investments.....	14,578,601.14
Stock on hand, manufactured, in process and raw.....	7,579,811.78
Cash in Banks.....	700,957.73
Notes Receivable.....	158,382.34
Accounts Receivable.....	4,294,940.19
	<u>\$51,864,230.26</u>
LIABILITIES.	
Capital Stock—Common.....	\$25,000,000.00
Unissued.....	4,344,600.00
Preferred.....	25,000,000.00
Unissued.....	632,400.00
Surplus, December 31, 1912.....	5,068,419.91
Notes Payable.....	1,450,000.00
Accounts Payable.....	322,810.35
	<u>\$51,864,230.26</u>

A comparison with the preceding year is given in the following Statement:

ASSETS.		Dec. 31, 1911		Dec. 31, 1912		Increase		Decrease	
Plant Investment.....	\$24,551,637.08			\$24,551,637.08				\$224,165.00	
Other Investments.....	14,365,277.26			14,578,601.14		213,323.88			
Stock on hand.....	7,173,439.28			7,579,811.78		406,372.50			
Cash in Banks.....	1,057,221.81			700,957.73				356,264.08	
Notes Receivable.....	104,555.37			158,382.34		53,826.97			
Accounts Receivable.....	3,142,255.88			4,294,840.19		1,152,584.31			
		\$50,170,221.68		\$51,864,230.26		\$2,050,272.66			\$356,264.08
LIABILITIES.		Dec. 31, 1911		Dec. 31, 1912		Increase		Decrease	
Common Stock.....	\$20,655,400.00			\$20,655,400.00					
Preferred Stock.....	24,367,600.00			24,367,600.00					
Surplus.....	4,901,581.11			5,068,419.91		\$166,838.80			
Notes Payable.....				1,450,000.00		1,450,000.00			
Accounts Payable.....	245,640.57			322,810.35		77,169.78			
		\$50,170,221.68		\$51,864,230.26		\$1,694,008.58			

SURPLUS.

Surplus, December 31, 1911.....	\$4,901,581.11
Net Earnings during 1912.....	2,492,232.80

\$7,393,813.91

DIVIDENDS PAID DURING 1912.

On Preferred Stock—	
March 15, Dividend No. 81.....	\$426,433.00
June 15, " " No. 82.....	426,433.00
Sept. 16, " " No. 83.....	426,433.00
Dec. 16, " " No. 84.....	426,433.00
	<u>\$1,705,732.00</u>

On Common Stock—

March 30, Dividend No. 33.....	\$154,915.50
June 29, " " No. 34.....	154,915.50
Sept. 30, " " No. 35.....	154,915.50
Dec. 31, " " No. 36.....	154,915.50
	<u>\$619,662.00</u>
Surplus, December 31, 1912.....	\$5,068,419.91

The foregoing statements show the financial condition of the Company at the close of its 21st fiscal year, December 31, 1912. The net earnings for 1912 were \$44,885.32 more than the preceding year. The regular dividend of seven per cent was paid on preferred stock, and dividends on the common stock aggregating three per cent for the year, leaving \$166,838.80 which has been added to the surplus account. The total amount of the surplus is now \$5,068,419.91.

Plant Investment

The Plant Account shows a net increase of \$224,165.00, which is explained as follows:

In the year 1909 the increasing cost of wooden kegs in which White Lead had been packed from time immemorial, coupled with a desire to secure a better package, decided your managers to make a radical change in the package used and to substitute steel kegs for the wooden kegs. Being unable to find a package at that time suitable in all respects for our requirements or an existing productive capacity large enough to insure a steady supply, your managers decided to erect a model plant and to manufacture the steel packages needed for our own wants. This was speedily done. This plant and the expenditures connected therewith have been kept in a separate account and the profits accruing from its operation have been charged back against the cost of the plant up to this date. Inasmuch as the plant has been entirely paid for by its own operations, after writing off a conservative amount, it seemed wise to your managers that the steel package plant should be added to your plant account.

Conditions Affecting Profits

Despite severe competition encountered in all departments of your Company's business, the profits for the year 1912 would have shown quite a considerable increase over those of recent years were it not for two important conditions arising, which went far to neutralize the larger profits naturally arising from the increased volume of sales which the Company enjoyed.

The first condition to which reference is made was the constant trend of the flaxseed market and resulting therefrom the price of linseed oil. From the beginning of the year the price of flaxseed began to decline and this decline was so steady and constant that before flaxseed bought in primary markets could reach the mills and its product, linseed oil, could find a market, new and lower prices for flaxseed were quoted in primary markets, and the effect of such prices was discounted in lower prices for oil prematurely reduced by competition for business. This unusual condition kept the manufacturers of linseed oil the most of the year in the position of selling oil at or below its cost. The annual report of the largest single interest in this business, recently made public, explained this situation, which for them, as for other manufacturers, produced heavy losses.

At the end of the year our inventory was taken at a rate that might be called drastic, so that this situation, we trust, is at an end.

Since January 1, 1913, the increasing demand for oil, the somewhat higher prices for flaxseed and linseed oil and improved conditions generally, lead us to believe in the return of normal conditions, and with them normal profits for the linseed oil branch of our business.

Heavy and repeated declines in the price of Pig Lead during the late fall of the year 1912 made it prudent to apply the usual conservative treatment in taking our inventory of lead and its products.

When it is remembered that on December 31st of each year we have on hand in one form or another perhaps one-seventh or one-eighth of this country's total annual production of lead, it will be easy to understand what it means to write down to a conservative figure such an immense stock.

Volume of Business

There has been an increased volume of business in almost every department. Taking the business as a whole, reference is again made to its diversified character, and in the year under review the losses referred to in another paragraph have been more than overcome by the increased profits of other departments.

Other Investments

The increase in the item "Other Investments" is for the most part accounted for by the completion of our payments on account of the increase in the capital stock of the United States Cart-ridge Co., to which reference was made in the report of last year.

Notes Payable

With reference to this item, \$1,450,000 increase compared to 1911, this is to be said:

The policy of the Company regarding the maintenance of its properties, the concentration of its plants and extraordinary reconstruction, as explained in detail in the report of last year, taken together with the additional requirements of its subsidiary companies, the business of all of which is increasing in volume, makes necessary at times additional working capital. Your managers believe that their policy of not making new issues of stock or other similar forms of financing is best, and expect to continue that policy at least until such time as the demands become greater than may be easily and conservatively met by temporary loans from the Company's bankers.

Maintenance and Repairs

There has been charged to Maintenance and Repairs for the year as follows:

Maintenance	\$424,100.07
Machinery Repairs	148,098.68
Building Repairs	41,773.18
Total	\$613,971.93

This amount has been deducted before the results shown are reached. The charge to maintenance, as heretofore, for the most part relates to the new plants, either now completed, or under construction, and follows the established policy of the Company of putting under the head of maintenance such reconstruction and writing it off gradually as earnings permit, instead of charging same to Plant Account.

In the report of last year, reference was made in detail to the conservative policy followed regarding maintenance, reconstruction and repairs.

Important reconstruction is now under way at the Carter Plant, Chicago, the Lewis Plant, Philadelphia, and the Jewett Plant, New York.

Matheson Lead Co.

In June, 1912, at a time when the demand for White Lead was far beyond your Company's ability to meet, and no prospect in sight of immediate or future relief, the owners of the Matheson Lead Co. offered us their plant and business on favorable terms.

The Matheson Lead Works, situated at Long Island City, New York, has a valuable water-front, modern plant, and a going business; the offer made, involving no cash outlay, no allowance for good will, based entirely on appraised and inventoried values, seemed to bring relief to the situation and was accepted.

Your managers regard this acquisition of great value and the product of this works is used to supplement that of our other plants at New York.

St. Louis Smelting & Refining Co.

In the report of last year the operations of this Company were stated in detail. In addition to what was there said we have now to add that satisfactory progress is being made along the lines indicated.

Heath & Milligan Manufacturing Co.

The operations of this Company during the past year show satisfactory results. The volume of business has been largely increased and indications for the current year's business are highly favorable.

Magnus Metal Co.

With the increase of purchases by railroad and car building companies of equipment, this Company has enjoyed one of the most prosperous years in its history.

United States Cartridge Co.

This Company having passed through the preliminary period of construction referred to in last year's report, is now in the market with its complete line.

It is gratifying to record that in recent competitive trials under governmental supervision, the U. S. ammunition stood easily first, outranking all competitors.

The superiority of this Company's products will be steadily maintained and a large increase in the sale of its products is confidently anticipated.

United Lead Co.

Despite competition of a severe character at all points, there have been substantial increases both in the volume of business done and in the profits secured.

Insurance Fund

Explanation of the foundation and operation of this fund were made in last year's report.

After the payment of all charges including fire losses during the year, amounting to \$29,137.20, the value of the Insurance Fund on December 31, 1912, was \$673,804.86, as compared with \$627,953.41 one year ago.

Pension System

After careful consideration of the subject and an exhaustive examination of the various systems now in operation, your Board of Directors have established a Pension System. This is intended as an evidence of the Company's appreciation of the fidelity, efficiency and loyalty of its employees, and to provide for those who by long and faithful service have earned honorable retirement.

Safety and Health of Workmen

The welfare of the American workman has become such a prominent subject, by reason of the spoken and written utterances of those engaged in its investigation and improvement, that it seems proper to advise our stockholders of the advanced position occupied by your Company in this important matter.

In the manufacture of the various products of Lead, there are two sources of danger to the health of workmen therein employed; viz., the fumes arising from the smelting or melting of metallic lead, and the dust arising in the processes of making white lead and lead oxides.

To attempt to state, even in a brief manner, the experiments and studies conducted through a long term of years, first to minimize and later to entirely eliminate these dangers, would be to give a history of the Company's mechanical progress. The results attained are what really count, and it is enough to say here that in our new plants, by the skillful use of powerful fans

and air-suction, enclosed air-tight machinery and mechanical devices to replace men, we have practically banished the dangers from fumes and dust.

However, despite the employment of the best mechanical devices, there are at times weak spots in the system because of the human element involved. This human element is naturally careless, indifferent to known dangers, and extremely difficult to guide in the path wherein lies safety. The best, and in fact the only, way to neutralize this attitude and safeguard against its resultant dangers to health, is by teaching habits of personal cleanliness, and prohibiting as far as possible indulgences which tend to injure health.

Workmen are provided with sanitary respirators, the wearing of which prevent the inhalation of dust. At the various plants are provided complete welfare equipment of the most modern type.

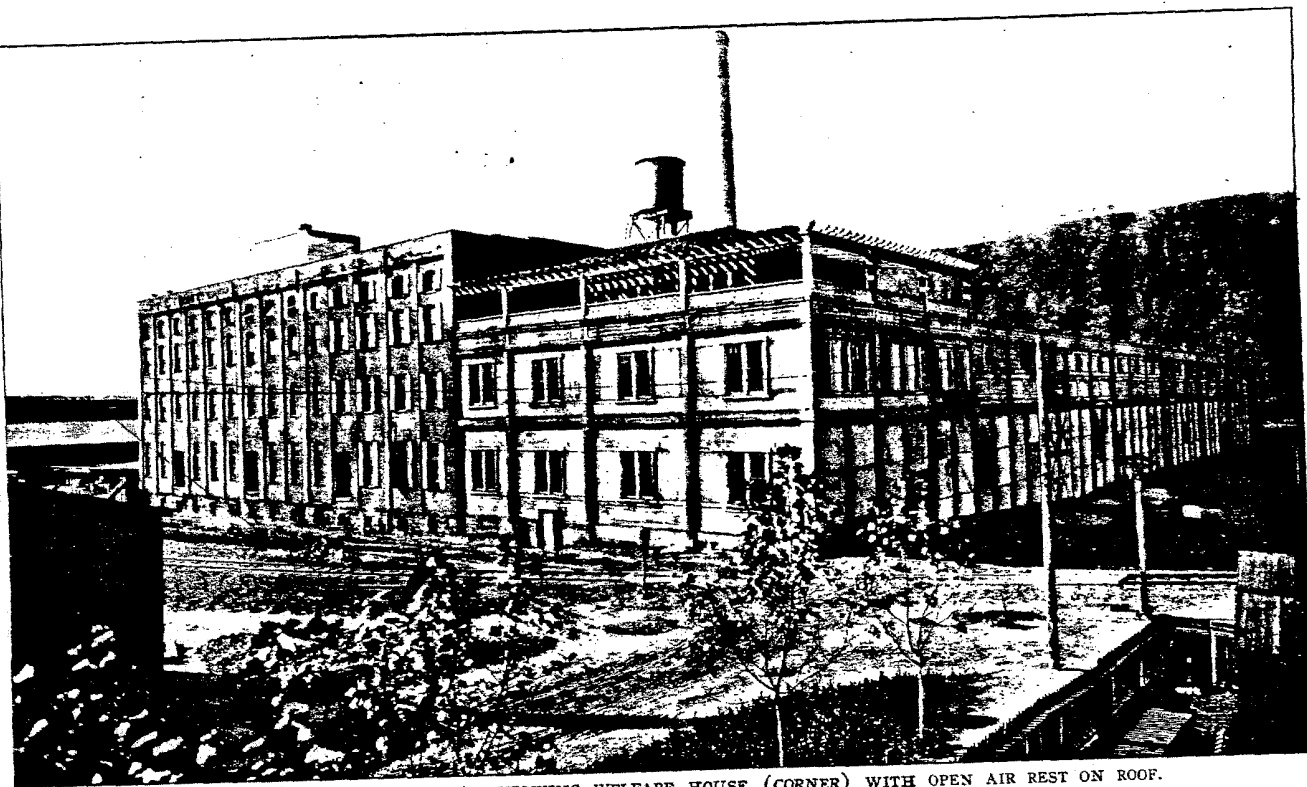
The daily routine of one of our workers who utilizes what is freely placed at his disposal is somewhat as follows:

On entering the works and after registering his arrival, the workman proceeds to the locker room and places his street clothes in his individual steel locker; a few steps takes him to another adjoining locker room where from another locker he gets and puts on his working clothes, and procures his sanitary respirator. Respirators are supplied and kept clean free of charge. Working clothes are at some places supplied free of charge, at others at a nominal cost, this being a minor detail of policy being worked out and relating to the care of clothes.

The clothes are laundered free of charge by the Company. When luncheon time arrives a thorough washing of the hands and face with soap and warm water is required; after which luncheon is eaten at tables in clean, well-lighted, airy dining-rooms, separate and removed from all manufacturing departments.

When quitting time arrives, after placing work clothes in the locker, a step takes the workman to large shower baths, so numerous as to be ample for the entire force. The water is tempered to the right point; after bathing and dressing in his street clothes, refreshed from his day's work, he is ready to start for home.

The Company provides soap and towels, and urges the men to use the baths as often as they will, and always on the Company's time. It is interesting, in passing, to remark on the great difficulty experienced, particularly with foreigners, in inducing them to use the baths. This is a study in itself and numerous ingenious devices are used. In one works men are actually paid five cents for each bath they may take. Each works has a regular physician who makes an examination of every workman



STERLING WORKS, PITTSBURGH. SHOWING WELFARE HOUSE (CORNER) WITH OPEN AIR REST ON ROOF.



LOCKER AND WASHROOM, SOUTHERN WORKS, CHICAGO.



WASHROOM AND LOCKERS



WASHROOM FOR WHITE WORKMEN, ST. LOUIS.



WASHROOM AND SHOWER

0000-NLI-000017958



RESPIRATOR ROOM, SHOWING KEY AND CHECK SYSTEM.



KITCHEN, CH...

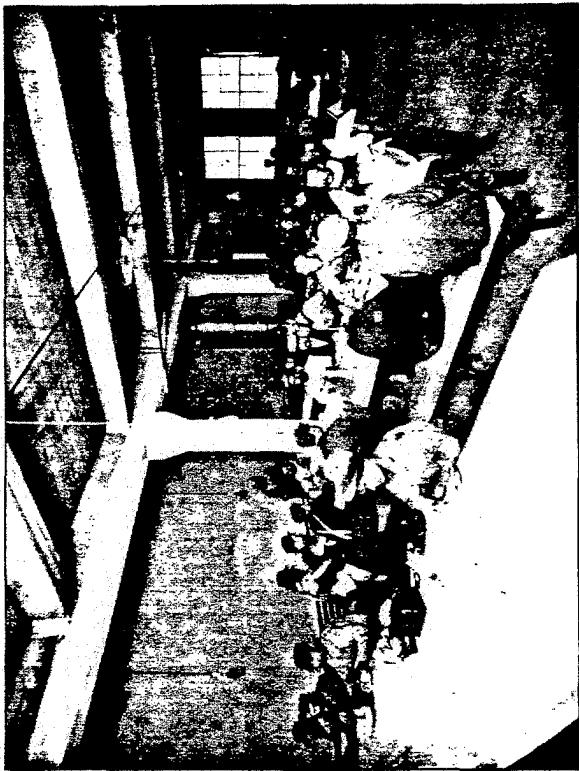


REST AND READING ROOM, ST. LOUIS.

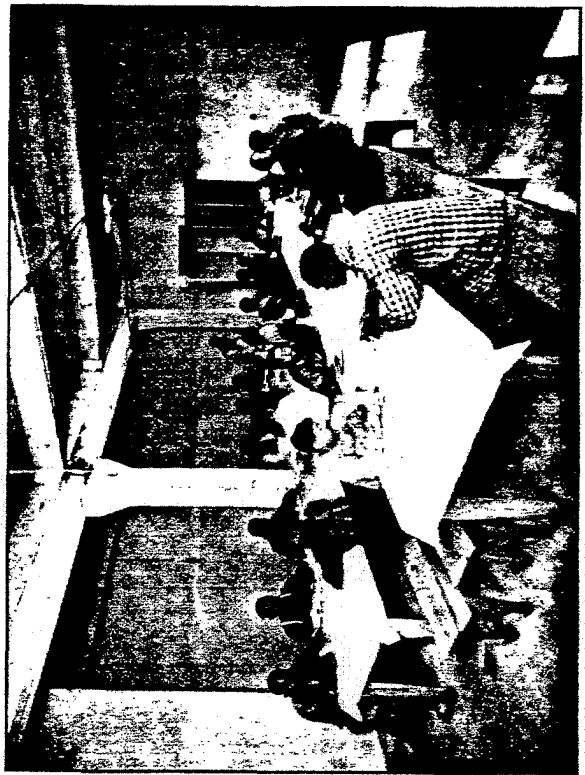


WORKMEN AT LUNC.

00000-NLI-000017959



WHITE WORKMEN AT LUNCHEON, ST. LOUIS.



COLORED WORKMEN AT LUNCHEON, ST. LOUIS.



OFFICE FORCE AT LUNCHEON, CHICAGO.



MEN'S DINING ROOM, ATLANTIC WORKS, BROOKLYN, N. Y.

once a week; a card index history of every workman is kept, showing his health history as far as possible. Even the slightest ailments receive instant attention, and the oversight and care of the workmen's health is far more thorough than one receives in his ordinary private life. All this is done without cost to the workmen.

Rest rooms are provided, and by means of advice and instructions printed in various languages workmen are told how to co-operate with the Company in its endeavor to keep them well, strong and constantly employed at fair wages.

No women are employed in our works and except in such occasional capacity as messenger, helper, etc., boys are not employed.

With this report are incorporated some views of the welfare equipment provided at various plants.

Every device that we have put into successful operation to improve the sanitary side of the operation of our plants, is at the disposal of our competitors. These improvements, the result of years of study and large expenditure, we offer without cost as part of our contribution to the improvement of the Safety and Health of Workmen engaged in the various Lead industries.

Stockholders

The total number of stockholders as shown by the Company's records on December 31, 1912, was 6,534.

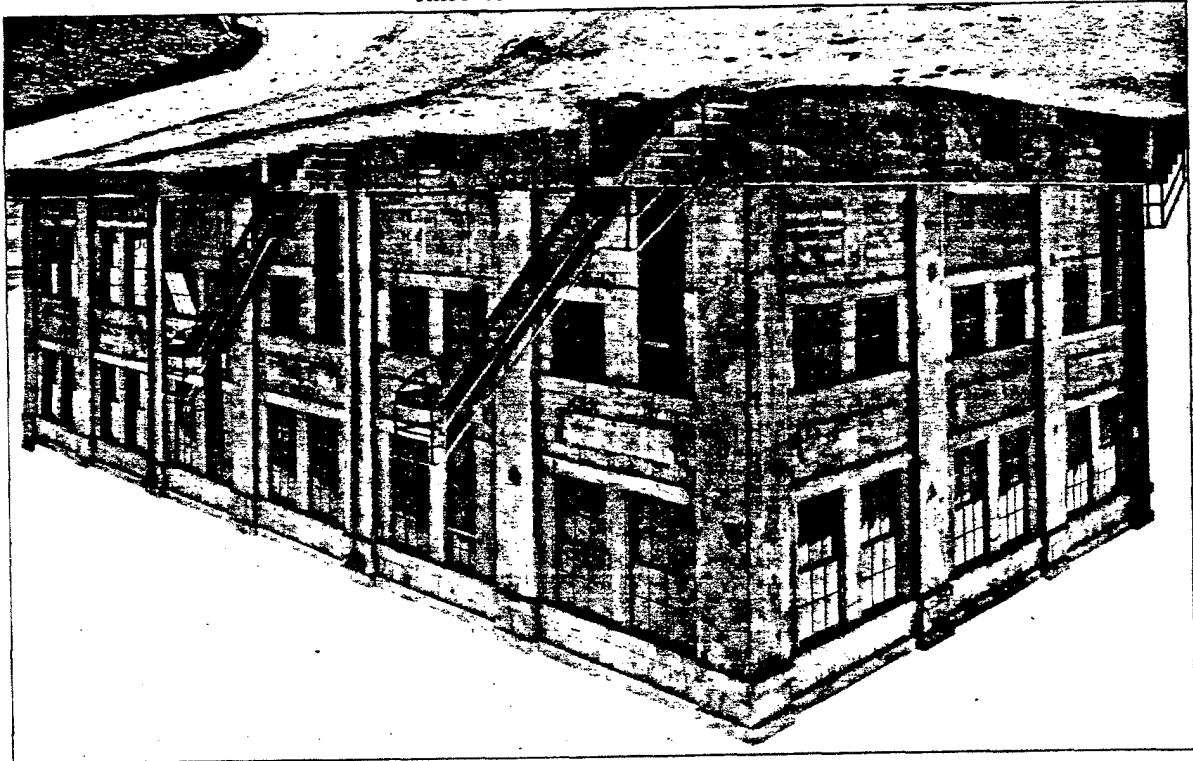
Of this number, 49% are women, being 3,227 in number. As has been previously stated, there are no stockholders who have exceptionally large holdings.

Officers and Employees

In the various branches of the Company's business many are employed. Whether in the factories, on the road or in the offices, all are in the highest degree loyally attached to the Company's interests. It is to this high degree of intelligent co-operation that your managers confidently look for the Company's continued success and prosperity, and here record their appreciation of faithful services rendered.

Respectfully submitted,

WILLIAM W. LAWRENCE,
President.



Directors**National Lead Company**

EDWARD F. BEALE,
 GEO. O. CARPENTER,
 FRED M. CARTER,
 R. R. COLGATE,
 E. J. CORNISH,
 G. D. DORSEY,
 CHAS. E. FIELD,
 GEO. W. FORTMEYER,
 E. C. GOSHORN,
 WILLIAM W. LAWRENCE,
 A. J. MEIER,
 R. P. ROWE,
 W. N. TAYLOR,
 WALTER TUFTS,
 J. R. WETTSTEIN,

Philadelphia
 St. Louis, Mo.
 Chicago, Ill.
 New York City
 New York City
 Madison, N. J.
 Chicago, Ill.
 E. Orange, N. J.
 Cincinnati, O.
 New York City
 St. Louis, Mo.
 Brooklyn, N. Y.
 Pittsburgh, Pa.
 Boston, Mass.
 Mt. Vernon, N. Y.

Executive Committee

WILLIAM W. LAWRENCE, Chairman.

E. F. BEALE
 R. P. ROWE

E. J. CORNISH
 R. R. COLGATE

Executive Officers
National Lead Company

President
 WILLIAM W. LAWRENCE

Vice-Presidents
 GEO. O. CARPENTER
 R. P. ROWE
 E. J. CORNISH

Secretary
 CHARLES DAVISON

Treasurer
 M. D. COLE

Assistant Secretary
 JOHN B. FROTHINGHAM

Assistant Treasurer
 FRED R. FORTMEYER

General Counsel
 Messrs. ALEXANDER & GREEN
 165 Broadway, New York City

Registrar of Stocks
 BANKERS TRUST CO.
 14 Wall St., New York City

Departments

National Lead Company

Manufacturing Committee

C. P. TOLMAN, Chairman

A. J. MEIER

G. W. THOMPSON

Laboratory

G. W. THOMPSON, Chief Chemist

A. H. SABIN, Consulting Chemist

Advertising Department

O. C. HARN, Manager

Metal Department

A. B. HALL, Manager

Flaxseed Department

CHAS. T. NOLAN, Manager

Insurance Department

I. M. STETTENHEIM, Manager

Branches

National Lead Company

ATLANTIC BRANCH,

R. P. ROWE, Manager,

New York City
111 Broadway

BUFFALO BRANCH,

SHELDON THOMPSON, Manager,

Buffalo, N. Y.
Cor. Clinton and Oak Streets

CLEVELAND BRANCH,

C. C. FOERSTNER, Manager,

Cleveland, Ohio
Champlain Avenue and Canal Road

CINCINNATI BRANCH,

E. C. GOSHORN, Manager,

Cincinnati, Ohio
Freeman Avenue, cor. Seventh Street

CHICAGO BRANCH,

CHAS. E. FIELD, Manager,

Chicago, Ill.
900 West Eighteenth Street

ST. LOUIS BRANCH,

GEO. O. CARPENTER, Manager,

St. Louis, Mo.
Liggett Building, 722 Chestnut Street

JOHN T. LEWIS & BROS. CO.,

EDWARD F. BEALE, Pres., Lafayette Bldg., cor. Fifth and Chestnut Sts.
Philadelphia, Pa.

NATIONAL LEAD & OIL CO., OF PENNSYLVANIA, Pittsburgh, Pa.

W. N. TAYLOR, President, Commonwealth Building, 316 Fourth Avenue

NATIONAL LEAD CO., OF MASSACHUSETTS,

WALTER TUFTS, Treasurer, Board of Trade Building, 131 State Street
Boston, Mass.

NATIONAL LEAD CO., OF CALIFORNIA,

JOHN P. NEVILLE, Vice-President, 840 Merchants Exchange Building
San Francisco, Cal.

ST. LOUIS SMELTING & REFINING CO.,

A. J. MEIER, 2d Vice-Pres. & Gen. Mgr., Liggett Building, 722 Chestnut St.
St. Louis, Mo.

Warehouses**National Lead Company**

BALTIMORE, MD., 1015 E. Fayette Street
 ST. PAUL, MINN., 354 to 360 East Sixth Street
 DETROIT, MICH., Corner Fourth and Larned Streets
 OMAHA, NEB., 1102 Dodge Street
 KANSAS CITY, MO., 1406 and 1408 West Thirteenth Street
 LOUISVILLE, KY., 202 Equitable Bldg., Fourth and Jefferson Sts.
 NASHVILLE, TENN., 225 Tenth Avenue, South
 NEW ORLEANS, LA., 513 South Peters Street

Corporations in Which This Company is Interested

CARTER WHITE LEAD COMPANY, Chicago and Omaha
 FRED. M. CARTER, President.
 HEATH & MILLIGAN MANUFACTURING CO., Chicago
 NORRIS B. GREGG, President.
 MAGNUS METAL COMPANY, New York
 H. H. HEWITT, President.
 MATHESON LEAD CO., Long Island City
 W. J. MATHESON, President.
 UNITED LEAD COMPANY, New York
 J. R. WETTSTEIN, President.
 UNITED STATES CARTRIDGE COMPANY, Lowell, Mass.
 PAUL BUTLER, Treasurer.

Products Manufactured by National Lead Company**Painters' Materials**

White Lead, Dry Red Lead
 White Lead in Oil Colors, Dry and in Oil
 Linseed Oil, American and Calfuttia,
 Raw, Boiled, Refined, Varnishmakers'

Bearing Metals

Phenix Metal Babbitt Metals
 Pressure Die Castings

Plumbers' Materials

Lead Pipe Leadamant Pipe
 Block Tin Pipe Lead Traps and Bends
 Tin-lined Lead Pipe Solder
 Soldering Flux

Printers' Metals

Linotype Metal Stereotype Metal
 Monotype Metal Electrotype Metal

Canners' Materials

Bar Solder Ribbon Solder
 Wire Solder Triangular Solder
 Soldering Flux

Lead Oxides

Red Lead Rubbermakers' Oxides
 Litharge Varnishmakers' Oxides
 Orange Mineral Enamelmakers' Oxides
 Glassmakers' Oxides Potters' Oxides
 Colormakers' Oxides Accumulator Oxides

Miscellaneous Lead Products

Sheet Lead Lead Wire
 Glaziers' Lead Lead Sash Weights
 Bar Lead Piano Key Leads

General Products

Brown Sugar of Lead Linseed Oil Cake and Meal
 White Sugar of Lead Castor Oil

National Lead Company Brands Pure White Lead

(Dutch Boy Painter Trade-Mark)

Anchor	Cornell	Salem
Armstrong & McKelvy	Davis-Chambers	Selby
Atlantic	Fahnestock	Shipman
Beymer-Bauman	Jewett	Southern
Bradley	Lewis	Sterling
Brooklyn	Morley	Ulster
Collier	Phoenix (Eckstein)	Union
	Red Seal	